

## Message Text

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ACTION INR-09

INFO OCT-01 SS-14 ADP-00 NSC-10 NSCE-00 L-02 STR-01

CIAE-00 NSAE-00 RSC-01 PRS-01 CIEP-01 COME-00 EB-03

H-01 TRSE-00 TAR-01 OMB-01 CEA-01 IO-03 XMB-01 SSO-00

USIE-00 RSR-01 EUR-10 INRE-00 AGR-03 AID-10 FRB-01

INT-01 SAL-01 DODE-00 /078 W  
----- 020970

O R 261200 Z MAR 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 969

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

C O N F I D E N T I A L THE HAGUE 1401

LIMDIS

LONDON FOR UNDER SECRETARY CASEY; DEPT PASS WHITE HOUSE: STR AND  
TREASURY FOR SECRETARY SCHULTZ

E. O. 11652: GDS

TAGS: ETRD NL GATT EEC

SUBJECT: TRANEGS: DISCUSSIONS WITH DUTCH

1. AT REQUEST OF SECRETARY SCHULTZ, UNDER SECRETARY CASEY ON  
MARCH 24 BRIEFED SENIOR OFFICIALS OF DUTCH MINISTRIES OF ECONOMIC  
AFFAIRS, FOREIGN AFFAIRS, AGRICULTURE AND FINANCE ON MAJOR COMPOON-  
ENTS OF DRAFT ADMINISTRATION TRADE BILL. MINECON DIRECTOR FOR  
MULTILATERAL AFFAIRS VAN WIJK HAD ALREADY BEEN BRIEFED IN DEPTH BY  
AMBASSADOR MALMGREN IN PARIS AND DUTCH WERE OBVIOUSLY FAMILIAR  
WITH  
MAIN POINTS. FOLLOWING ACCOUNT OF DISCUSSION HAS NOT BEEN CLEARED  
WITH UNDER SECRETARY CASEY:

2. PRIMARY BURDER OF DUTCH REACTION WAS CONCERN ABOUT  
PSYCHOLOGICAL  
IMPACT IN EUROPE OF REFERENCES TO " TARIFF INCREASES", " IMPORT  
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SURCHARGES", AND " SAFEGUARDS" IN DRAFT BILL. UNDER SECRETARY CASEY EXPLAINED THAT REQUEST FOR AUTHORITY TO RAISE TARIFFS AND IMPOSE SURCHARGES WAS DESIGNED MERELY TO GIVE ADMINISTRATION SAME FLEXIBILITY IN MTN THAT OTHER CP' S ALREADY HAVE, AND THAT SAFE- GUARDS ( WHICH WE HOPE WILL BE SUBJECT OF MULTILATERAL AGREEMENT) ARE ESSENTIAL COMPONENT OF ANY SUBSTANTIAL TARIFF CUTTING EXERCISE. OUR BASIC OBJECTIVE, HE SAID, IS TO REDUCE NOT INCREASE BARRIERS TO TRADE AND THIS U. S. ORITNTATION WILL BECOME CLEAR AS NEGOTIATIONS PROCEED. HE ADDED THAT PREAMBLE TO BILL WOULD ALSO STRESS THIS OBJECTIVE. DUTCH SEEMED SATISFIED WITH THIS REASSURANCE BUT EMPHASIZED AGAIN IMPORTANCE OF CONSTRUCTIVE RHETORIC IN USG PUBLIC AND PRESS STATEMENTS.

3. DUTCH MADE STRONG PLUG FOR SOME FORM OF ARBITRAL TRIBUNAL TO DETERMINE WHETHER AND HOW ANY CP SHOULD APPLY SAFEGUARDS IN CASES OF ALLEGED MARKET DISRUPTION. UNDER SECRETARY EXPRESSED SYMPATHY WITH THIS CONCEPT AND SUGGESTED IT MIGHT ALSO BE APPLIED TO OTHER CONFRONTATIONS ON TRADE ISSUES, SUCH AS CURRENT ARTICLE XXIV:  
6 TALKS ON EC ENLARGEMENT.

4. MINECON DIR GEN VAN OORSCHOT, WHO CHAIRED MEETING, SAID GON IS PREPARED TO PLAY POSITIVE ROLE IN PUSHING FOR ELIMINATION OF REVERSE PREFERENCES. HE WAS AWARE OF PROPOSAL ADVANCED BY UNDER SECRETARY TO SOAMES AND DENIAU DURING MARCH 21-22 CONSULTATIONS ( EC BRUSSELS 1600) AND APPEARED TO BELIEVE THAT IT MIGHT OFFER POSSIBLE SOLUTION. HE ADDED, HOWEVER, THAT EARLY IMPLEMENTATION OF GSP BY U. S. WOULD STRENGTHEN HANDS OF DUTCH AND OTHERS IN EC WHO ARE SEEKING TO ABOLISH REFERSE PREFERENCES IN UPCOMING EC DISCUS- SIONS OF MEDITERRANEAN AND YAOUNDE ARRANGEMENTS. HE EXPRESSED HOPE THAT U. S. WOULD NOT ATTEMPT TO USE THREAT OF SAFEGUARDS AS CLUB TO ACHIEVE CONCESSIONS IN MONETARY REFORM NEGOTIATIONS. UNDER SECRETARY ASSURED HIM THAT THAT IS NOT OUR PURPOSE AND THAT WHOLE QUESTION OF SAFEGUARDS WILL BE UNDER FURTHER DISCUSSION IN OECD. MFA DIR GEN HARTOGH, WHILE AGREEING TO USE OF OECD FORUM, URGED THAT DISCUSSIONS THERE BE KEPT CONFIDENTIAL AND AVOID TAKING ON CHARACTER OF PRE- NEGOTIATIONS IN ADVANCE OF MTN.

5. VAN OORSCHOT STRONGLY EXPRESSED HIS PERSONAL VIEW THAT THERE SHOULD BE NO NEW EC AGREEMENTS INVOLVING SPECIAL PREFERENCES AND EXPRESSED HOPE THAT USG WILL BE FIRM IN OPPOSING ANY EC PROPOSALS FOR SUCH AGREEMENTS. UNDER SECRETARY ASSURED HIM WE WOULD BUT THAT  
LONG- TERM SOLUTION TO THIS PROBLEM LIES IN GENERAL ELIMINATION OF  
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TARIFFS.

6. UNDER SECRETARY ASKED WHETHER GON WOULD BE PREPARED TO SUPPORT MEANINGFUL EC CONCESSIONS ON AGRICULTURE IN MTN, E. F. LOWER FEED-GRAIN PRICES TO PROMOTE BEEF PRODUCTION. MINAG REPRESENTATIVE (BERGMAN) WHO HAS ONLY RECENTLY TAKEN CHARGE OF MINAG INTERNATIONAL RELATIONS FUNCTION, SAID RATHER DOGMATICALLY THAT TIME IS NOT RIPE FOR CHANGE IN CAP SYSTEM BUT THAT " SOMETHING MIGHT BE DONE ON ONE OR TWO ITEMS". HE PROFESSED TO BE PUZZLED BY U. S. PROPOSAL FOR LOWER FEEDGRAIN PRICES TO ENCOURAGE MEAT PRODUCTION. AMBASSADOR MIDDENDORF EXPLAINED HOW THIS WOULD BENEFIT EUROPE AND NOTED THAT SEVERAL EC COUNTRIES ARE ALREADY EXPERIMENTING WITH FEED LOTS IN COOPERATION WITH U. S. FEEDGRAINS COUNCIL. VAN OORSCHOT ALSO TOOK BERGMAN GENTLY TO TASK FOR HEWING TOO RIGIDLY TO STANDARD MINAG LINE, ADDING THAT " THERE MUST BE OPPORTUNITIES FOR MUTUAL REDUCTION IN AGRICULTURAL PROTECTION LEVELS".

6. UNDER SECRETARY ENDED MEETING WITH PLEA FOR EC NEGOTIATING MANDATE IN MTN WHICH WOULD BE AS GENERAL AND FLEXIBLE AS POSSIBLE. HE ALSO EMPHASIZED IMPORTANCE OF MAKING DISCERNIBLE PROGRESS ON PENDING ISSUES SUCH AS REVERSE PREFERENCES, ARTICLE XXIV: 6 NEGOTIATIONS, AND EFTA AGREEMENT ISSUES, DURING PERIOD WHEN U. S. TRADE BILL IS UNDER CONGRESSIONAL DEBATE.  
MIDDENDORF

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\*\*\* Current Handling Restrictions \*\*\* LIMDIS  
\*\*\* Current Classification \*\*\* CONFIDENTIAL

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**TAGS:** ETRD, NL, EEC, GATT  
**To:** INR  
SECSTATE WASHDC INFO EC BRUSSELS  
GENEVA  
LONDON  
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